

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30005
LANSING, MICHIGAN 48909

DANA NESSEL
ATTORNEY GENERAL

May 11, 2020

Island Distillers Inc.
d/b/a Island Distillers
577 Pakala St.
Honolulu HI 96825

RE: Cease and Desist Unlicensed Direct Shipping of Alcoholic Liquor

Dear Sir or Madam:

This office has confirmed the illegal and unlicensed direct shipment of alcohol to Michigan residents by Island Distillers Inc. d/b/a Island Distillers (see attached common carrier report). This conclusion arises from the business's ongoing practice of receiving money from customers in exchange for direct shipments of alcoholic liquor, contrary to the Michigan Liquor Control Code of 1998 (Liquor Code) and administrative rules. See MCL 436.1101, et seq. Accordingly, the business and anyone affiliated with its operation, as well as the building's owner and lessee, are ordered to cease this illegal activity or face possible criminal and/or civil sanctions.

Specifically, the parties mentioned above must cease and desist their ongoing practice of selling, furnishing, or shipping alcoholic liquor to customers located in Michigan. This activity violates the Liquor Code and constitutes criminal activity. According to MCL 436.1909(3), any person who "performs any act for which a license is required under this act without first obtaining that license or who sells alcoholic liquor in a county that has prohibited the sale of alcoholic liquor . . . is guilty of a felony punishable by imprisonment for not more than 1 year or by a fine of not more than \$1,000.00 or both." Activities that constitute selling, delivering or importing in excess of 80,000 ml of alcoholic liquor constitute a felony punishable by imprisonment of not more than 4 years or a fine of not more than \$5,000.00 or both." MCL 436.1909(4)(a).

The U.S. Constitution, in the 21st amendment, reserves the right to control alcoholic beverages to the individual states and each state has their own system of licensing, taxation, and regulation to prevent unauthorized sales. See, U.S. Const Amend XXI, see also 1963 Const Art. IV, §40. The Michigan Legislature has established a system of licensing, taxation and enforcement standards, which the

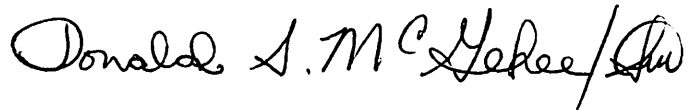
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Michigan Liquor Control Commission (MLCC) is responsible for implementing. The essence of such a control system is the fact that alcoholic beverages, while legal, are controlled substances which are susceptible to misuse or abuse.

Island Distillers Inc. d/b/a Island Distillers is also violating the Consumer Protection Act (CPA) by promoting and falsely representing to the public that its business is legal. Section 3 of the CPA, MCL 445.903(1)(a), prohibits representations that cause a probability of confusion or misunderstanding as to their approval. A persistent and knowing violation of this law may result in a court assessing a civil penalty of \$25,000, along with costs and attorney fees, in favor of the Attorney General. See MCL 445.905.

The statutes and possible legal actions stated in this letter are by no means exhaustive; this letter is intended only to place Island Distillers Inc. d/b/a Island Distillers and persons affiliated with its operation, including the owner and lessee of the premises where it is located, on notice that the business is violating the laws prohibiting unlicensed individuals from the direct shipment of alcoholic liquor. If this activity fails to cease within 14 days of your receipt of this letter, our office will take legal action to stop it. This may include filing criminal charges.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Donald S. McGehee" followed by a stylized flourish or initials.

Donald S. McGehee
Division Chief
Alcohol and Gambling Enforcement Division
(517) 241-0210
Fax: (517) 241-1074

ISLAND DISTILLERS INC. - FED EX SHIPMENTS - 2019**1st quarter**

Island Distillers	577 Pakala St	HONOLULU	HI	96825 Thomas Pell	8586 W 8TH ST	FREMONT	MI	49412	784697692969	1/5/2019
Island Distillers	577 Pakala St	HONOLULU	HI	96825 Craig Esper	28715 CUNNINGHAM DR	WARREN	MI	48092	785270882815	2/4/2019
Island Distillers	577 Pakala St	HONOLULU	HI	96825 Craig Esper	28715 CUNNINGHAM DR	WARREN	MI	48092	785270882815	2/4/2019
TOTAL = 3										

2nd quarter

Island Distillers	577 Pakala St	HONOLULU	HI	96825 grant laskaska	38317 WABASH ST	ROMULUS	MI	48174	787651498329	6/5/2019
Island Distillers	577 Pakala St	HONOLULU	HI	96825 grant laskaska	38317 WABASH ST	ROMULUS	MI	48174	787727263669	6/10/2019
Island Distillers	577 Pakala St	HONOLULU	HI	96825 Tom Pell	8586 W 8TH ST	FREMONT	MI	49412	787937543135	6/19/2019
TOTAL = 3										

3rd quarter

Island Distillers	577 Pakala St.	HONOLULU	HI	96825 MIKE HALL	374 E TIENKEN RD	ROCHESTER	MI	48306	789902212537	9/20/2019
Island Distillers I	577 Pakala St.	HONOLULU	HI	96825 BRENDA MANTHEI	2207 KENILWORTH RD	JACKSON	MI	49203	775887322508	8/2/2019
Island Distillers I	577 Pakala St.	HONOLULU	HI	96825 MERRI PELL	8586 W 8TH ST	FREMONT	MI	49412	788931339205	8/7/2019
TOTAL = 3										